

CABLEVISION SYSTEMS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands except per share amounts)
(continued)

for a nominal amount, a 50% general partnership interest (25% from each of Rainbow Programming and NBC Cable) in SportsChannel Pacific. In connection with these transactions the Company recorded a net gain of approximately \$5,539.

In October 1992, TCI exercised its option to purchase from each of NBC Cable and Rainbow Programming an additional 12.45% of SportsChannel Chicago for an aggregate purchase price of \$14,940 plus approximately \$1,568 in interest. In connection with this transaction, the Company recorded a net gain of \$7,053.

NOTE 3. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following items, which are depreciated or amortized primarily on a straight-line basis over the estimated useful lives shown below:

	<u>December 31,</u>		<u>Estimated</u>
	<u>1992</u>	<u>1991</u>	<u>Useful Lives</u>
Cable television transmission and distribution systems:			
Converters.....	\$151,265	\$145,830	3 to 5 years
Headends.....	31,984	36,267	6 to 9 years
Distribution systems...	621,865	604,650	10 to 15 years
Program, service and test equipment.....	54,581	45,760	4 to 7 years
Microwave equipment....	3,358	4,207	7 1/2 years
Construction in progress (including materials and supplies).....	25,541	2,043	
Furniture and fixtures.....	15,053	13,393	5 to 12 years
Vehicles.....	16,777	17,019	2 to 4 years
Leasehold improvements.....	35,033	29,584	Term of lease
Land and land improvements.	<u>3,936</u>	<u>4,789</u>	
	959,393	903,542	
Less accumulated depreciation and amortization.....	<u>430,242</u>	<u>394,984</u>	
	<u>\$529,151</u>	<u>\$508,558</u>	

At December 31, 1992 and 1991, property, plant and equipment include approximately \$7,879 and \$6,607, respectively, of net assets recorded under capital leases.

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NOTE 4. DEBT

Bank Debt

Restricted Group

The Company is party to a credit agreement (the "Credit Agreement"), in the amount of \$790,000 with a group of banks led by Toronto Dominion (Texas), Inc., as agent. The amount outstanding, including commercial paper discussed below, at December 31, 1992 and 1991 was \$524,810 and \$742,703, respectively. As of December 31, 1992, approximately \$21,763 was restricted for certain letters of credit issued for the Company. Undrawn funds available to the Company under the Credit Agreement amounted to approximately \$254,237 at December 31, 1992. The Credit Agreement contains numerous covenants that may limit the Company's usage of and ability to utilize the undrawn amount of funds available thereunder.

In addition, the Company has a separate credit agreement with the banks that are parties to the Credit Agreement to finance the Company's New Jersey subsidiary (collectively with the Credit Agreement, the "Credit Agreements"), in the amount of \$60,000. The amount outstanding at December 31, 1992 and 1991 amounted to \$52,962 and \$58,000, respectively. Undrawn funds available to the Company under this separate credit agreement amounted to approximately \$7,038 at December 31, 1992.

At December 31, 1992, the Company had outstanding \$138,000 of commercial paper backed by an irrevocable letter of credit issued by a bank. The full amount of commercial paper is included in the amount of \$524,810 outstanding under the Company's Credit Agreement.

Interest on outstanding amounts may be paid, at the option of the Company, based on various formulas which relate to the prime rate, rates for certificates of deposit or other prescribed rates. In addition, the Company has entered into interest rate swap agreements with several banks on a notional amount of \$300,000 whereby the Company pays a fixed rate of interest and receives a variable rate. Interest rates and terms vary in accordance with each of the agreements. As of December 31, 1992, the interest rate agreements expire at various times between one and four years and have a weighted average life of two years. The Company is exposed to credit loss in the event of nonperformance by the other parties to the interest rate swap agreements. However, the Company does not anticipate nonperformance by the counterparties. The weighted average interest rate on all bank indebtedness was 8.2% and 8.8% on December 31, 1992 and 1991, respectively. The Company is also obligated to pay fees of 3/8 of 1% per annum on the unused loan

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commitment and from 1-3/8% to 1-5/8% per annum on letters of credit issued under the Credit Agreement.

Beginning in 1993, total commitments under the Credit Agreements decline on a scheduled quarterly basis with a final maturity in 2000.

The Credit Agreements contain various restrictive covenants, among which are limitations on the amount of investments that may be made in affiliated entities and certain other subsidiaries, the maintenance of various financial ratios and tests, and limitations on various payments, including preferred dividends. The Company is restricted from paying any dividends on its common stock. The Company was in compliance with the covenants of its Credit Agreements at December 31, 1992.

Substantially all of the assets of the Company, (excluding the assets of V Cable, CNYC, Rainbow Programming, Rainbow Advertising Sales Corporation and certain other subsidiaries), amounting to approximately \$1,028,100 at December 31, 1992, have been pledged to secure the borrowings under the Credit Agreements.

CNYC

CNYC is party to a credit agreement, in the amount of \$185,000 with a group of banks led by Chase Manhattan, N.A., as agent (the "CNYC Credit Agreement"). The amount outstanding at December 31, 1992 was \$78,500. Available funds are limited by certain covenants of the CNYC Credit Agreement.

Interest on outstanding amounts under the CNYC Credit Agreement, may be paid, at the option of the Company, based on various formulas which relate to the prime rate, rates for certificates of deposit or other prescribed rates. In addition, CNYC has entered into four interest rate swap agreements with several banks on a total notional amount of \$40,000 whereby CNYC pays a fixed rate and receives a variable rate of interest. These agreements expire at various times through 1997. The Company is exposed to credit loss in the event of nonperformance by the other parties to the interest rate swap agreements, however, the Company does not anticipate nonperformance by the counterparties. The weighted average interest rate on CNYC's bank indebtedness was 7.2% on December 31, 1992. CNYC is also obligated to pay fees on the unused portion of the loan commitment.

On December 31, 1994, borrowings under the CNYC Credit Agreement convert to a six year term facility in a maximum amount of \$185,000. The balance thereafter declines on a scheduled quarterly basis with a final maturity at June 30, 2000.

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Substantially all of the assets of CNYC, amounting to approximately \$133,000 at December 31, 1992, have been pledged to secure the borrowings under the CNYC Credit Agreement.

The CNYC Credit Agreement contains various restrictive covenants, among which are the maintenance of various financial ratios and tests and limitations on various payments. CNYC was in compliance with all the covenants of the CNYC Credit Agreement at December 31, 1992.

Senior Subordinated Debentures

In April 1992, the Company completed a public offering of \$275,000 of its 10-3/4% Senior Subordinated Debentures due 2004 (the "2004 Debentures"). Interest is payable on the 2004 Debentures semi-annually on April 1 and October 1. The 2004 Debentures are redeemable, at the Company's option, on April 1, 1997 and April 1, 1998 at the redemption price of 103.071% and 101.536%, respectively, of the principal amount, and on April 1, 1999 and thereafter at the redemption price of 100% of the principal amount, in each case together with accrued interest to the redemption date. The Indenture under which the 2004 Debentures were issued contains various restrictive covenants with which the Company was in compliance at December 31, 1992. The Indenture requires a sinking fund providing for the redemption on April 1, 2002 and April 1, 2003 of \$68,750 principal amount of the 2004 Debentures, at a redemption price equal to 100% of the principal amount, plus accrued interest to the redemption date.

The net proceeds of approximately \$267,000 from the offering were used to repay borrowings under the Company's Credit Agreement. In connection with such repayment, the Company wrote off approximately \$4,783 of deferred financing costs.

In November 1988, the Company issued \$200,000 face amount of its 12-1/4% Senior Subordinated Reset Debentures due November 15, 2003 (the "Reset Debentures"). Interest is payable on the Reset Debentures semi-annually on May 15 and November 15. The Indenture under which the Reset Debentures were issued contains various restrictive covenants with which the Company was in compliance at December 31, 1992. The Reset Debentures are redeemable, at the Company's option, on May 15, 1994 at the redemption price of 101.5% of the principal amount, and thereafter at six month intervals with the redemption price gradually lowered to 100% of the principal amount by November 15, 1995. The Company is required to redeem \$20,000 principal amount of Reset Debentures on each of November 15, 2000 and 2001 and \$40,000 on November 15, 2002. Effective on May 15, 1991, the interest rate on the Reset Debentures was reset to a rate of 14%. At December 31, 1992 and 1991 the balance outstanding was \$199,247 and \$199,173, respectively.

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Senior Debt

Prior to the V Cable Restructuring (See Note 2), V Cable was party to a loan agreement under which V Cable had borrowed \$375,000 from GECC. In addition, the loan agreement permitted V Cable to borrow up to an additional \$25,000, including letters of credit under a revolving line (the "V Cable Revolving Line"). Borrowings under the V Cable Revolving Line at December 31, 1991 amounted to \$1,200. In 1992, the average interest rate on this debt was 10.94%.

In connection with the V Cable Reorganization, all of V Cable's senior and subordinated debt with GECC outstanding at December 31, 1992 was restructured. V Cable's Senior Subordinated Deferred Interest Notes (the "V Cable Notes") and its Junior Subordinated Note (the "Junior Note") were replaced with new long-term credit facilities provided by GECC to V Cable and VC Holding. Under the credit agreement between V Cable and GECC (the "V Cable Credit Agreement"), GECC has provided a term loan (the "V Cable Term Loan") in the amount of \$20,000 to V Cable, which loan will accrete interest at a rate of 10.62% compounded semi-annually until December 31, 1997 (the reset date). In addition, GECC has extended to VC Holding a \$505,000 term loan (the "Series A Term Loan"), a \$25,000 revolving line of credit (the "Revolving Line") and a \$202,554 term loan (the "Series B Term Loan"), all of which comprise the VC Holding Credit Agreement. Interest on the Series A Term Loan and on any amounts drawn under the Revolving Line of credit is payable currently. Interest on the Series B Term Loan accretes at a rate of 10.62% compounded semi-annually until December 31, 1997 (the reset date) and is payable in full on December 31, 2001. At December 31, 1992, amounts outstanding under the Series A Term Loan, the Series B Term Loan and the Revolving Line were \$505,000, \$199,554 and \$4,000, respectively. Unrestricted and undrawn funds available to VC Holding at December 31, 1992 amounted to \$18,547.

Approximately \$7,501 of deferred financing costs related to V Cable's debt prior to its restructuring with GECC were written off.

Interest rates on \$415,000 of the Series A Term Loan are fixed at 10.12% through February 5, 1993. The remaining \$90,000 bears interest at rates based on either GECC's Index Rate (as defined) or LIBOR plus applicable percentages. Interest on any borrowings under the Revolving Line is paid based on either GECC's Index Rate (as defined) or LIBOR plus applicable percentages which vary depending upon certain prescribed financial ratios. Scheduled quarterly principal payments on the Series A Term Loan commence June 30, 1997 and continue through December 31, 2001.

Also in connection with the V Cable Reorganization, V Cable agreed to assume on December 31, 1997, approximately \$121,000 of debt of U.S. Cable, which amount is subject to adjustment, upward or

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downward, depending on U.S. Cable's ratio of debt to cash flow (as defined) in 1997 and thereafter. Included in Senior Debt and deferred interest expense at December 31, 1992 is \$70,238 which represents the present value of debt of U.S. Cable to be assumed in 1997. The difference of approximately \$51,000 will be charged to interest expense during the period from January 1, 1993 to December 31, 1997. The effective interest rate on this debt is approximately 11%. This debt matures on December 31, 2001. Deferred interest expense will be amortized, beginning in 1993, on a straight line basis through December 31, 1997.

The debt of V Cable and VC Holding is guaranteed by, and secured by a pledge of all of the assets of, V Cable, VC Holding and each of their subsidiaries, including a pledge of all direct and indirect ownership interests in such subsidiaries. U.S. Cable's debt is also guaranteed and cross-collateralized by each of V Cable, VC Holding and each of their subsidiaries. All of the V Cable, VC Holding and U.S. Cable credit facilities are non-recourse to the Company other than with respect to the common stock of V Cable owned by the Company. Substantially all of the assets of V Cable, amounting to approximately \$552,598 at December 31, 1992, have been pledged to secure borrowings under the V Cable and VC Holding Credit Agreements. At December 31, 1992 V Cable's liabilities exceeded its assets by approximately \$275,372.

The V Cable and VC Holding Credit Agreements contains various restrictive covenants, among which are the maintenance of certain financial ratios, limitations regarding certain transactions, prohibitions against the transfer of funds to the parent company (except for reimbursement of certain expenses), and limitations on levels of permitted capital expenditures. V Cable and VC Holding were in compliance with all of the covenants of their loan agreements at December 31, 1992.

V Cable Subordinated Notes Payable

Prior to the V Cable Restructuring, V Cable had outstanding \$296,528 face amount of the V Cable Notes. No interest was payable on the V Cable Notes until June 30, 1994. The original issue discount of \$144,398 was being charged to operations over the period January 1, 1990 to December 31, 1993 using the interest method at a rate of approximately 17.4%. The accreted balance of the V Cable Notes at December 31, 1991 amounted to \$212,393 and at December 31, 1992, immediately prior to the V Cable Restructuring, amounted to \$250,959. Also outstanding was the Junior Note issued to GECC with a face amount of \$158,200. The original issue discount of \$108,200 was being charged to operations during the period from February 17, 1989 to December 31, 1998 using the interest method at a rate of

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approximately 12.2%. The balance of the Junior Note at December 31, 1991 amounted to \$69,862 and at December 31, 1992, immediately prior to the V Cable Restructuring, amounted to \$78,499.

A-R Cable Senior Term Loan

Included in the consolidated balance sheet at December 31, 1991 are borrowings by A-R Cable of \$285,000 from GECC (the "A-R Senior Term Loan"). The A-R Senior Term Loan was nonamortizing and had a maturity date of December 30, 1997. In addition, the A-R Senior Term Loan agreement permits A-R Cable to borrow under a revolving line (the "A-R Revolving Line"). Borrowings under the A-R Revolving Line amounted to \$26,250 at December 31, 1991.

Effective December 31, 1991, interest rates on \$235,000 of the A-R Senior Term Loan plus any amounts borrowed under the A-R Revolving Line bore interest at floating rates which approximated 7.8% at December 31, 1991. The interest rate on the remaining \$50,000 was 13% at December 31, 1991.

A-R Cable Subordinated Debt

On January 4, 1988 A-R Cable issued \$125,000 (\$272,533 face amount) of its Senior Subordinated Deferred Interest Notes due December 30, 1997 (the "A-R Notes"). No interest was payable on the A-R Notes until June 30, 1993, at which time interest, at 16-3/4% per annum, was payable semi-annually. The original issue discount of \$147,533 was being charged to operations over the period January 4, 1988 to December 31, 1992 using the interest method at a rate of approximately 16.2%. The accreted balance of the A-R Notes at December 31, 1991 amounted to \$233,194. In connection with the A-R Cable Restructuring, the proceeds of \$105,000 from the sale of Series A Preferred Stock, \$45,000 from the sale of Series B Preferred Stock and \$70,000 of additional borrowings from GECC were used to retire approximately \$243,700 principal amount of the A-R Notes.

A-R Cable 1987 Cumulative Preferred Stock

On January 4, 1988, A-R Cable issued and GECC purchased 200,000 shares of A-R Cable's 1987 Preferred Stock (the "A-R Preferred") for a purchase price of \$100 per share. The A-R Preferred bore cumulative annual dividends of \$12 per share payable quarterly. Dividends on or before January 4, 1993 were payable in additional shares of preferred stock at a rate of one share per \$100. As of December 31, 1991, the accompanying consolidated financial statements reflect 200,000 issued shares of A-R Preferred and 120,941 shares representing the cumulative annual dividends from 1988 through 1991. As of December 31, 1991 all such dividends had been paid in additional shares of preferred stock.

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Summary of Five Year Debt Maturities

Total amounts payable by the Company and its subsidiaries (excluding V Cable and CNYC) under its various debt obligations, including capital leases, during the five years subsequent to December 31, 1992 amount to \$15,168 in 1993, \$23,025 in 1994, \$43,234 in 1995, \$64,693 in 1996 and \$66,540 in 1997. Total amounts payable by V Cable and CNYC respectively, under their various debt obligations, including capital leases, during the five years subsequent to December 31, 1992 amount to \$208 and \$117 in 1993, \$98 and \$83 in 1994, \$- and \$1,570 in 1995, \$- and \$10,990 in 1996, and \$18,000 and \$14,915 in 1997.

NOTE 5. PREFERRED STOCK

The holders of the Company's 8% Series C Cumulative Preferred Stock ("Series C Preferred Stock") may require the Company to redeem for cash at any time commencing December 31, 1997 all or a portion of the outstanding shares of the Series C Preferred Stock. The Company has the right, upon notice to the holders requesting redemption, to convert all or a part of such shares into shares of Class B Common Stock. If, in the future, holders require the Company to redeem their Series C Preferred Stock, it is the Company's intention to convert such shares into Class B Common Stock.

NOTE 6. OPERATING LEASES

The Company leases certain office, production and transmission facilities under terms of leases expiring at various dates through 2004. The leases generally provide for fixed annual rentals plus certain real estate taxes and other costs. Rent expense for the years ended December 31, 1992, 1991 and 1990 amounted to \$10,071, \$10,292 and \$10,194, respectively.

In addition, the Company rents space on utility poles for its operations. The Company's pole rental agreements are for varying terms, and management anticipates renewals as they expire. Pole rental expense for the years ended December 31, 1992, 1991 and 1990 amounted to approximately \$5,042, \$5,458 and \$4,602, respectively.

The minimum future annual rentals for all operating leases during the next five years, including pole rentals from January 1, 1993 through December 31, 1997, and thereafter, at rates now in force are approximately: 1993, \$14,677; 1994, \$13,710; 1995, \$12,773; 1996, \$11,459, 1997, \$9,604; thereafter, \$12,703.

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NOTE 7. TRANSACTION FEES

Pursuant to transaction fee agreements, entered into by A-R Cable, V Cable and GECC, GECC had the right, subject to certain restrictions, to receive a transaction fee, payable on demand until March 1, 1993 for A-R Cable and until December 31, 1993 for V Cable, of between 10% and 25% of the "Actual Residual Value" of A-R Cable and V Cable, as defined in the agreements.

As of December 31, 1989, the Company had accrued approximately \$14,759 to provide for the future payment of the V Cable and A-R Cable fees. Due to declines in the market valuation of cable television systems in 1990, management estimated no such fees would be payable in connection with these agreements in 1990 or 1991. Accordingly, the consolidated financial statements for the year ended December 31, 1990 reflect a reduction of the transaction fee accruals to zero. As part of the A-R Cable Restructuring, the transaction fee agreements with GECC, A-R Cable and V Cable were terminated and all obligations thereunder were extinguished. See Note 2.

NOTE 8. AFFILIATE TRANSACTIONS

The Company has affiliation agreements with certain cable television programming companies, varying ownership interests in which were held, directly or indirectly, by RPH during the three years ended December 31, 1992. RPH's investment in these programming companies is accounted for on the equity basis of accounting. Accordingly, the Company recorded losses of approximately \$12,428, \$20,290 and \$35,864 in 1992, 1991 and 1990, respectively, representing its percentage interests in the results of operations of these programming companies. At December 31, 1992 and 1991, the Company's investment in these programming companies amounted to approximately \$10,682 and \$43,262, respectively, which exceeded the Company's underlying equity in the net assets of these companies by approximately \$652 and \$2,668, respectively. This excess has been classified as other intangible assets in the accompanying consolidated balance sheets. Costs incurred by the Company for programming services provided by these affiliates and included in technical expense for the years ended December 31, 1992, 1991 and 1990 amounted to approximately \$23,388, \$27,400 and \$27,560, respectively. At December 31, 1992 and 1991, amounts due from certain of these programming affiliates aggregated \$2,352 and \$488, respectively, and are included in advances to affiliates. Also, at December 31, 1992 and 1991 amounts due to certain of these affiliates, primarily for programming services provided to the Company, aggregated \$14,785 and \$8,294, respectively, and are included in accounts payable to affiliates.

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Summarized combined financial information relating to these programming companies at December 31, 1992, 1991 and 1990 and for the years then ended is as follows:

	<u>1992</u>	<u>1991</u>	<u>1990</u>
Current assets	<u>\$113.796</u>	<u>\$115.231</u>	<u>\$139.898</u>
Noncurrent assets	<u>\$ 75.102</u>	<u>\$ 78.073</u>	<u>\$104.258</u>
Current liabilities	<u>\$ 90.604</u>	<u>\$ 65.906</u>	<u>\$ 81.744</u>
Noncurrent liabilities	<u>\$ 94.364</u>	<u>\$ 38.311</u>	<u>\$ 57.568</u>
Net revenues	<u>\$322.019</u>	<u>\$289.849</u>	<u>\$275.973</u>
Net loss	<u>\$(12.672)</u>	<u>\$(16.523)</u>	<u>\$(67.533)</u>

NBC and RPH had formed a partnership which distributed on a multi-channel, pay-per-view basis certain events of the 1992 Summer Olympics. This distribution was in addition to NBC's conventional broadcast network coverage of those games. Pursuant to the agreement, profits and losses from the broadcast network coverage and the pay-per-view coverage of the 1992 Summer Games were shared equally by NBC and RPH; however, RPH's liability under this agreement was limited to \$50,000. The partnership paid its share of the loss (\$50,000) in January 1993 with borrowings under the Credit Agreement.

Cablevision of Boston Limited Partnership ("Cablevision Boston") is a Massachusetts limited partnership in which Mr. Dolan is the general partner and in which the Company has certain direct and indirect partnership interests. The Company is a limited partner in Cablevision Boston and currently holds a 7% prepayment (prior to repayment of capital contributions to limited partners) interest and a 20.7% postpayment interest in Cablevision Boston.

As of December 31, 1992 and 1991, the Company's consolidated financial statements reflect advances (\$8,000 of which were converted to Preferred Equity in Cablevision Boston) to Cablevision Boston of approximately \$18,345 and \$18,232, respectively. Such amounts are fully subordinated to certain of Cablevision Boston's obligations to other lenders aggregating approximately \$71,250 and \$71,750 plus accrued interest at December 31, 1992 and 1991, respectively. The Company expects its advances and preferred equity contributions to Cablevision Boston, referred to above, to be repaid either in connection with a sale of Cablevision Boston or an increase in Cablevision Boston's credit facility permitting such repayment.

The Company has also advanced funds to Cablevision of Chicago ("Cablevision Chicago"), an Illinois limited partnership and an affiliate whose general partner is Mr. Dolan. At December 31, 1992 and 1991 approximately \$12,473 and \$12,698, respectively, was owed the Company and is included in advances to affiliates in the

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accompanying consolidated balance sheets. Of the amount owed, approximately \$12,314 principal amount is evidenced by a subordinated note bearing interest at the rate of 14% per annum, payable as to principal and interest, on demand. Repayment of this subordinated note and accrued interest thereon is restricted until repayment of Cablevision Chicago's bank indebtedness. The Company expects its advances to Cablevision Chicago to be repaid either in connection with a sale of Cablevision Chicago or a possible increase in Cablevision Chicago's credit facility permitting such repayment.

During 1992, 1991 and 1990, the Company made advances to or incurred costs on behalf of other affiliates engaged in providing cable television, cable television programming, and related services. Amounts due from these affiliates amounted to \$8,262 and \$5,219 at December 31, 1992 and 1991, respectively and are included in advances to affiliates.

In April 1992, Cablevision of Newark, a partnership 25% owned and managed by the Company and 75% owned by an affiliate of Warburg Pincus, acquired cable television systems located in Newark and South Orange, New Jersey from Gilbert Media Associates, L.P. ("Gateway Cable") for a purchase price of approximately \$76,483. The Company's capital contributions to Cablevision of Newark through 1992 amounted to approximately \$6,000. The Company's share of the net losses of Cablevision of Newark amounted to \$3,070 in 1992. The Company manages the operations of Cablevision of Newark for a fee equal to 3-1/2% of gross receipts, as defined, plus reimbursement of certain costs and an allocation of certain selling, general and administrative expenses. For 1992, such management fees and expenses amounted to \$1,526.

In connection with the V Cable Reorganization (see Note 2), V Cable acquired for \$20,000, a 20% interest in U.S. Cable. The Company has managed the properties of U.S. Cable, since June 1992, under management agreements that provide for cost reimbursement, including an allocation of overhead charges. For 1992, the allocation of overhead charges to U.S. Cable amounted to \$1,200.

NOTE 9. PENSION PLANS

The Company, with other affiliates, maintains a defined contribution pension plan covering substantially all employees. The Company contributed 3% of eligible employees' annual compensation (as defined), and employees could voluntarily contribute up to 10% of their annual compensation. Employee contributions were fully vested. Employer contributions became vested in years three through seven. The cost associated with this plan was approximately \$2,322, \$2,212 and \$1,685 for the years ended December 31, 1992, 1991 and 1990, respectively (See Note 13).

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The Company also maintains the CSSC Supplemental Benefit Plan (the "Benefit Plan") for the benefit of certain officers and employees of the Company. As part of the Benefit Plan, the Company established a nonqualified defined benefit pension plan, which provides that, upon attaining normal retirement age, a participant will receive a benefit equal to a specified percentage of the participant's average compensation, as defined. Participants vest in all components of the Benefit Plan 40% after four years of service and 10% for each additional year of service. Net periodic pension cost for the years indicated consisted of the following:

	<u>1992</u>	<u>1991</u>	<u>1990</u>
Service cost for benefits earned during the year	\$378	\$328	\$ 307
Interest cost on projected benefit obligation	373	314	268
Actual return on plan assets	(1,091)	(836)	748
Net amortization and deferral	<u>756</u>	<u>631</u>	<u>(986)</u>
Total pension cost	<u>\$416</u>	<u>\$437</u>	<u>\$ 337</u>

The following table sets forth the funded status of the Benefit Plan at December 31, 1992 and 1991:

	<u>1992</u>	<u>1991</u>
Actuarial present value of:		
Vested benefit obligation	\$4,229	\$4,566
Non vested benefits	<u>93</u>	<u>100</u>
Projected benefit obligation	4,322	4,666
Plan assets at fair value	<u>4,544</u>	<u>4,428</u>
Assets greater than (less than) projected benefit obligation	222	(238)
Unrecognized net gain	(278)	(246)
Remaining unrecognized obligation	630	692
Additional liability recognized	-	(446)
Prepaid pension cost (liability)	<u>\$ 574</u>	<u>\$ (238)</u>

The projected benefit obligation for the plan was determined using an assumed discount rate and assumed long range rate of return of 8% in 1992 and 1991. No assumed rate of salary increase was used to compute the projected benefit obligation, since substantially all participants are currently at their maximum benefit level.

In addition, the Company accrues a liability in the amount of 7% of certain officers' and employees' compensation, as defined. Each year the Company also accrues for the benefit of these officers and employees interest on such amounts. The officer or employee will receive such amounts upon termination of employment. Such benefits will vest 40% after four years of service and 10% each additional year of service. The cost associated with this plan for the years

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ended December 31, 1992, 1991 and 1990 was approximately \$358, \$328 and \$343, respectively.

NOTE 10. STOCK BENEFIT PLANS

In June 1992, the Stockholders of the Company approved the Amended and Restated Employee Stock Plan (the "Amended Plan") which consolidated the Company's prior Stock Plan, Nonqualified Plan and Bonus Award Plan (the "Prior Plans"). Under the Amended Plan the Company is authorized to issue a maximum of 3,500,000 shares. The Company may grant incentive stock options, nonqualified stock options, restricted stock, conjunctive stock appreciation rights, stock grants and stock bonus awards. The exercise price of stock options may not be less than the fair market value per share of class A common stock on the date the option is granted and expire no longer than ten years from date of grant. Conjunctive stock appreciation rights permit the employee to elect to receive payment in cash, either in lieu of the right to exercise such option, or in addition to the stock received upon the exercise of such option, equal to the difference between the fair market value of the stock as of the date the right is exercised, and the exercise price.

Under the Amended Plan, during 1992 the Company issued options to purchase 211,350 shares of class A common stock, stock appreciation rights related to 211,350 shares under option and stock awards of 211,350 common shares. The options and related conjunctive stock appreciation rights are exercisable at \$27.625 per share in 25% annual increments beginning one year from the date of grant. The stock awards vest 100% four years from date of grant. Also, during 1992 the Company granted to certain employees conjunctive stock appreciation rights with respect to 472,500 shares under options granted in prior years under the Company's 1985 Employee Stock Plan. Those options are exercisable at prices ranging from \$16.625 to \$36.00 and vest at various times during the period from October 1992 through October 1996.

Under the Nonqualified Plan nonqualified options for 10,000 shares were granted in May 1990, exercisable at \$24.50 per share. The options are exercisable one-third per year beginning one year from the date of grant. During 1991, nonqualified options to purchase 24,000 shares were granted at an exercise price of \$25.00 per share. These options are exercisable one-third per year beginning July 30, 1992.

Under the Stock Option Plan, the Company issued nonqualified options and related conjunctive stock appreciation rights for 284,700 shares of class A common stock exercisable at \$24.50 per share in May 1990. These options are exercisable in 25% annual increments beginning one year from date of grant and expire approximately ten

CABLEVISION SYSTEMS CORPORATION AND SUBSIDIARIES
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years from date of grant. Upon exercise of the option, the Company will redeem the related stock appreciation right in cash for the difference between the fair market value of the class A common stock on the exercise date and \$24.50. The Company also granted during 1990, nonqualified options to purchase 25,000 shares at an exercise price of \$37.13 per share. These options are exercisable one-fifth per year, beginning one year from the date of grant.

In addition during 1990, under the Stock Option Plan, the Company granted stock awards for 165,800 shares of restricted class A common stock. These shares vest 50% two years from date of grant and 50% four years from date of grant. The Company also granted in 1990, stock awards for 45,000 shares of class A common stock which vest one-third each year beginning January 1991. During 1991, under the Stock Option Plan, the Company granted stock awards for 25,000 shares of restricted class A common stock which vested on January 22, 1991.

Pursuant to a Bonus Award Plan ("Bonus Plan"), adopted in 1986, in 1990 the Company granted to fifteen employees the right to receive 118,900 shares of class A common stock or, at the election of the Stock Option Committee, cash equal to the product of such number of shares times the closing price of a share of Class A Common Stock at the time of issuance. In May 1992, in accordance with the provisions of the Bonus Plan, the Company paid in cash the value of 59,450 shares based on a market price of \$28-6/8, totalling \$1,709. Rights to the remaining 59,450 shares vest on May 17, 1994. In addition, in 1990 the Company granted to seven employees the right to receive 111,180 shares of class A common stock or, at the election of the Stock Option Committee, cash equal to the product of such number of shares times the closing price of a share of class A common stock at the time of issuance. On March 28, 1991, in accordance with the provisions of the Bonus Plan, the Company paid in cash the value of 91,180 shares based on a market price of \$24-5/8, totalling \$2,245. On December 31, 1992, the Company paid in cash the value of the remaining 20,000 shares based on a market price of \$35 totalling \$700.

CABLEVISION SYSTEMS CORPORATION AND SUBSIDIARIES
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Stock transactions under the Amended Plan and Prior Plans are as follows:

	<u>Shares Under Option</u>	<u>Stock Appreciation Rights</u>	<u>Stock or Bonus Awards</u>	<u>Available For Grant</u>	<u>Option Price Range</u>
Balance, January 1, 1990	2,002,550		193,873	796,696	\$14.50-\$29.88
Granted	319,700	284,700	440,880	(760,580)	\$24.50-\$37.13
Exercised/issued	(6,000)				\$21.25
Cancelled	<u>(57,350)</u>	<u>(2,350)</u>	<u>(196,223)</u>	<u>253,573</u>	\$16.63-\$29.88
Balance, December 31, 1990	2,258,900	282,350	438,530	289,689	\$14.50-\$37.13
Granted	24,000		25,000	(49,000)	\$25.00
Exercised/issued	(16,487)	(987)	(40,000)		\$16.63-\$24.50
Cancelled	<u>(16,425)</u>	<u>(6,425)</u>	<u>(97,880)</u>	<u>114,305</u>	\$21.25-\$29.88
Balance, December 31, 1991	2,249,988	274,938	325,650	354,994	\$14.50-\$37.13
Granted	211,350	683,850	211,350	(422,700)	\$16.63-\$36.00
Exercised/issued	(132,537)	(8,387)	(92,825)		\$14.50-\$24.50
Cancelled	<u>(6,675)</u>	<u>(6,675)</u>	<u>(85,700)</u>	<u>92,375</u>	\$24.50-\$27.625
Balance, December 31, 1992	<u>2,322,126</u>	<u>943,726</u>	<u>358,475</u>	<u>24,669</u>	\$14.50-\$37.13

Of the total shares awarded, 91,125 shares were restricted at December 31, 1992. Also at December 31, 1992, options for approximately 1,816,000 shares were exercisable. As a result of the stock awards, bonus awards and stock appreciation rights, the Company expensed approximately \$9,656, \$6,668 and \$3,930 in 1992, 1991 and 1990, respectively.

In June, 1986, the Company adopted an Employee Stock Purchase Plan (the "Purchase Plan") which, as amended, authorized up to 200,000 shares of class A common stock for purchase under the plan. The Purchase Plan enabled employees of the Company and its subsidiaries to purchase class A common stock of the Company through payroll deductions of up to \$1,250 each year per employee. The price to be paid for a share of stock was 85% of the market price on the last business day of each month. The discount increased to 20% after twelve months of continuous participation in the Purchase Plan and to 25% after twenty-four months of continuous participation. Under the Purchase Plan, employees purchased 26,499, 34,757 and 34,916 shares during 1992, 1991 and 1990, respectively, for which \$2,509, \$842 and \$742 was paid to the Company (see note 13).

CABLEVISION SYSTEMS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands except per share amounts)
(continued)

NOTE 11. COMMITMENTS AND CONTINGENCIES

Cablevision Systems Service Corporation ("CSSC"), an affiliate of the Company, purchases a premium programming service from an unaffiliated program supplier. CSSC makes such service available to the Company and its affiliates at CSSC's cost in return for the Company's assumption of its proportionate share, based on subscriber usage, of CSSC's obligations under its agreement with such unaffiliated program supplier. The Company is contingently liable for approximately \$25,682 through 1994 in respect of this agreement.

The Company, through Rainbow Programming, has entered into several contracts relating to cable television programming in the normal course of its business, including rights agreements with professional and other sports teams. These contracts typically require substantial payments over extended periods of time.

Mr. Dolan, the Company's chairman, has an employment agreement with the Company expiring in January 1994, with automatic renewals for successive one-year terms unless terminated by either party at least three months prior to the end of the then existing term. The agreement provides for a base salary of \$400 per year payable to Mr. Dolan or, upon his death during the term of such agreement, a death benefit payment to his estate in an amount equal to the greater of one year's salary or one-half of the compensation that would have been payable to Mr. Dolan during the remaining term of such agreement.

John Tatta, the Company's former president, has a three-year consulting agreement with the Company expiring in January 1995, which provides for a fee of \$485 per year plus reimbursement of certain expenses payable to Mr. Tatta or, upon his death during the term of such agreement, a death benefit payable to his estate in an amount equal to the greater of one year's fee or one-half of the fee that would have been payable to him during the remaining term of such agreement.

Income tax returns of the Company's predecessor entities are currently under examination for 1985 and prior years. The Internal Revenue Service has proposed adjustments which the Company intends to vigorously oppose through the IRS appeals process. In the opinion of management, the ultimate resolution of these matters will not have a material adverse effect on the Company's financial position.

The Company does not provide postretirement benefits to any of its employees.

CABLEVISION SYSTEMS CORPORATION AND SUBSIDIARIES
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NOTE 12. LEGAL MATTERS

During 1992 and 1991, the Company recorded expenses of \$5,655 and \$9,677, respectively, in connection with the settlement of certain litigation pending against Mr. Dolan and the Company and other related matters. The litigation was based upon an alleged breach of fiduciary duty by Mr. Dolan, as the general partner of Cablevision Programming Investments and Rainbow Program Enterprises ("RPE"), involving the allocation of partnership profits from 1983 through 1986 and RPH's offer to purchase limited partnership interests in 1986. The amounts provided also include an estimated value of certain untendered interests in RPE based upon the values utilized in connection with the settlements relating to Cablevision Programming Investments.

In addition, the Company is party to various other lawsuits, some involving substantial amounts. Management does not believe that the resolution of these lawsuits will have a material adverse impact on the financial position of the Company.

NOTE 13. SUBSEQUENT EVENTS

The Company owns an interest (19% on sale or liquidation) in North Coast Cable, a cable television operator in Cleveland, Ohio. On January 22, 1993, the Company entered into a letter of intent to purchase all of the assets and assume certain liabilities of North Coast Cable. The purchase price to the Company is expected to be approximately \$107,000, which reflects reductions for its existing minority interest and certain liabilities of North Coast Cable agreed to be assumed by the Company. Consummation of the transaction is subject to a number of conditions, including the negotiation, execution and delivery of definitive documentation. There can be no assurance that this transaction will be successfully consummated.

In February 1993, the Company issued \$200,000 face amount of its 9-7/8% Senior Subordinated Debentures due 2013 (the "2013 Debentures"). Interest is payable on the 2013 Debentures semi-annually on February 15 and August 15. The 2013 Debentures are redeemable, at the Company's option, on February 15, 2003, February 15, 2004, February 15, 2005 and February 15, 2006 at the redemption price of 104.80%, 103.60%, 102.40% and 101.20%, respectively, of the principal amount and thereafter at the redemption price of 100% of the principal amount, in each case together with accrued interest to the redemption date. The indenture under which the 2013 Debentures were issued contains various restrictive covenants. The 2013 Debentures are not entitled to the benefits of a sinking fund. The net proceeds of approximately \$193,150 were used to reduce bank borrowings.

CABLEVISION SYSTEMS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
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(continued)

Effective January 1, 1993, the Board of Directors of the Company approved the adoption of an amended and restated Pension and 401(K) Savings Plan, in part to permit employees of the Company and its affiliates to make contributions to the plan on a pre-tax salary reduction basis in accordance with the provisions of Section 401(K) of the Internal Revenue Code, and to introduce new investment options under the plan. The Company contributes 1-1/2% of eligible employees' annual compensation, as defined, to the defined contribution Pension Plan and an equivalent amount to the Section 401(K) portion of the plan (the "Savings Plan"). Employees may voluntarily contribute up to 15% of eligible compensation, subject to certain restrictions, to the Savings Plan, with an additional matching contribution by the Company of 1/4 of 1% for each 1% contributed by the employee, up to a maximum contribution by the Company of 1/2 of 1% of eligible base pay. Employee contributions are fully vested as are employer base contributions to the Savings Plan. Employer contributions to the Pension Plan and matching contributions to the Savings Plan become vested in years three through seven.

In connection with the adoption of the above plan, the Company discontinued its Employee Stock Purchase Plan (see note 10).

NOTE 14. Disclosures About the Fair Value of Financial Instruments

Cash and Cash Equivalents, Trade Accounts Receivable, Notes and Other Receivables, Accounts Payable, Accrued Liabilities and Accounts Payable to Affiliates

The carrying amount approximates fair value due to the short maturity of these instruments.

Marketable Securities and Notes Receivable - Affiliates

The fair value of the Company's marketable securities are based on quoted market prices. The fair value of notes receivable - affiliates is based on current rates for notes with similar maturities.

Other Investments

The fair values of the Company's Other Investments are generally based on multiples of the investees' cash flow, after deducting for net assets or liabilities.

CABLEVISION SYSTEMS CORPORATION AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(Dollars in thousands)
(continued)

Bank Debt, Senior Term Loans, Senior Subordinated Debentures,
and Subordinated Notes Payable

The fair values of each of the Company's long-term debt instruments are based on quoted market prices for the same or similar issues or on the current rates offered to the Company for debt of the same remaining maturities.

Interest Rate Swap Agreements

The fair values of interest rate swap agreements are obtained from dealer quotes. These values represent the estimated amount the Company would receive or pay to terminate agreements, taking into consideration current interest rates and the current creditworthiness of the counterparties. The carrying amount represents accrued or deferred income arising from the unrecognized financial instruments.

Obligation to Related Party

The fair values of Obligation to Related Party is estimated based on current rates for debt with similar maturities.

The fair value of the Company's financial instruments are summarized as follows:

	<u>December 31, 1992</u>	
	<u>Carrying Amount</u>	<u>Estimated Fair Value</u>
Marketable securities and notes receivable - affiliates	\$ <u>4.422</u>	\$ <u>8.303</u>
Other investments	\$ <u>2.173</u>	\$ <u>2.173</u>
Long term debt instruments:		
Bank debt	\$ 656,272	\$ 656,272
Senior debt	798,792	798,792
Senior subordinated debentures	474,247	495,000
Obligation to related party	<u>67,000</u>	<u>67,000</u>
	<u>\$1,996.311</u>	<u>\$2,017.064</u>
Interest rate swap agreements:		
In a net payable position	\$ <u>5.595</u>	\$ <u>30.871</u>

CABLEVISION SYSTEMS CORPORATION AND SUBSIDIARIES
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Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

CABLEVISION SYSTEMS CORPORATION AND SUBSIDIARIES
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(Dollars in thousands, except per share data)
(continued)

NOTE 15. Interim Financial Information (Unaudited)

The following is a summary of selected quarterly financial data for the fiscal years ended December 31, 1992 and 1991.

The operating data for the quarters ended March 31, and June 30, 1992 have been restated to reflect as of January 1, 1992 the deconsolidation of the Company's A-R subsidiary for reporting purposes. The Company is accounting for its investment in A-R Cable using the equity method of accounting. Amounts previously reported in the Company's Form 10-Q for the quarter ended March 31, 1992 for net revenues, operating expenses and operating profit were \$153,585, \$138,072 and \$15,513, respectively, and for the quarter ended June 30, 1992, \$162,153, \$140,563 and \$21,590, respectively.

	MARCH 31,		JUNE 30,		SEPTEMBER 30,		DECEMBER 31,		TOTAL	
	1992	1991	1992	1991	1992	1991	1992	1991 (1)	1992	1991
Net revenues.....	\$127,887	\$145,405	\$135,782	\$151,894	\$151,278	\$152,716	\$157,540	\$153,257	\$ 572,487	\$ 603,272
Operating expenses....	<u>112,312</u>	<u>137,923</u>	<u>114,510</u>	<u>136,869</u>	<u>130,358</u>	<u>139,224</u>	<u>136,163</u>	<u>135,896</u>	<u>493,343</u>	<u>549,912</u>
Operating profit.....	<u>\$ 15,575</u>	<u>\$ 7,482</u>	<u>\$ 21,272</u>	<u>\$ 15,025</u>	<u>\$ 20,920</u>	<u>\$ 13,492</u>	<u>\$ 21,377</u>	<u>\$ 17,361</u>	<u>\$ 79,144</u>	<u>\$ 53,360</u>
Net loss applicable to common shareholders.	<u>\$(52,753)</u>	<u>\$(52,932)</u>	<u>\$(86,052)</u>	<u>\$(57,144)</u>	<u>\$(46,174)</u>	<u>\$(52,098)</u>	<u>\$(66,409)</u>	<u>\$(69,489)</u>	<u>\$(251,388)</u>	<u>\$(231,663)</u>
Net loss per common share.....	<u>\$ (2.35)</u>	<u>\$ (2.36)</u>	<u>\$ (3.83)</u>	<u>\$ (2.55)</u>	<u>\$ (2.05)</u>	<u>\$ (2.32)</u>	<u>\$ (2.94)</u>	<u>\$ (3.09)</u>	<u>\$ (11.17)</u>	<u>\$ (10.32)</u>

- (1) The increase in the net loss amount for the fourth quarter of 1991 resulted from the settlement of certain litigation and related matters as more fully described in Note 12 - "Legal Matters".

EXHIBIT 5

/// Cablevision Systems Corp.

Typical System - Revenue vs. Expense

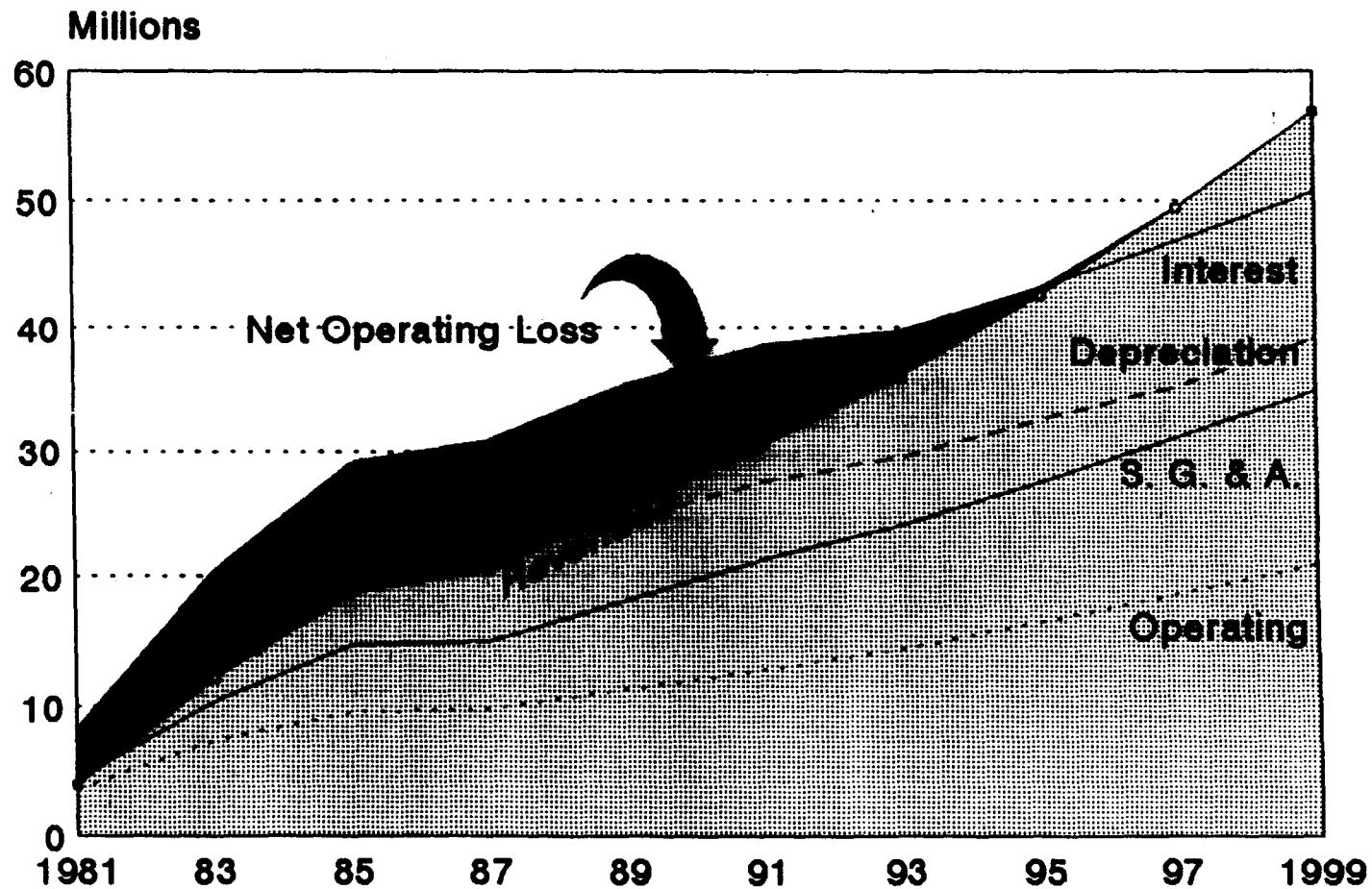


EXHIBIT 6

Ownership periods of major acquisitions

All areas have been retained and will continue to be retained. Of all the franchises acquired, only 2 have been sold, principally because the areas they were in were not clustered near another CSC system and administering those areas would have been too costly.

Year Acquired	System	Number of Geographic	Number of Franchises	Weighted Age	
1986	Huntington	1	4	28	
	Great Neck	1	15	105	
1987	Dutchess, NY	1	9	54	
	Cleveland, OH	1	9	54	
	Toledo, OH	1	19	114	
	Islip, NY	1	2	12	
	East Hampton, NY	1	2	12	
1988	Kalamazoo	1	8	40	
	A-R Services (1)	17	155	775	
	Cleveland, OH	1	16	80	
1989	Cleveland, OH	1	25	100	
	Long Island	1	14	56	
	Riverhead, NY	2	8	32	
	Haverhill, MA	1	3	12	
		31	289	1474	5.10 years
1992	Newark, NJ	2	2	2	
	U.S. Cable (2)	44	300	300	
		77	591	1776	3.01 years

(1) Includes franchises in Bangor and Lewiston Maine, Lynbrook NY, Port Chester NY, Rensselaer NY, Yorktown Heights NY, Wellsville NY, Windsor NY, Caruthersville MO, Paragould AR, Rockford IL, Braintree and Lexington and Middlesex and Montachusett and Norwood and Peabody MA.

(2) Includes various franchises in Alabama, North Carolina, Missouri, Kentucky, Florida, Mississippi, Illinois, Tennessee and Kansas.